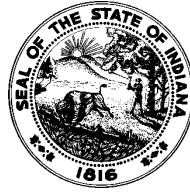

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE
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MEMORANDUM

To: Assessing Officials

From: Michael Dart, General Counsel

Date: July 2006

Subject: Contracts for Assessment or Reassessment Services

As you know, the Department of Local Government Finance (Department) is charged with oversight of contracts between assessing officials and vendors for assessment and reassessment services. In an effort to assist your offices, we have prepared this memo outlining some helpful tips for the contracting process.

1. Assessing officials may not use the services of a professional appraiser without a written contract developed by the Department or a contract specifically approved by Department. The standard contracts for general reassessment and annual adjustment can be found on our website. We are in the process of developing standard contracts for other assessing functions as well. If you choose to use a non-Department contract, send it in for Department approval before it has been signed.
2. Review and be aware of the requirements of Ind. Code § 6-1.1-4-19. This section specifies that all contracts should include completion dates, penalty clauses, periodic reports, types of services, and data collection/data sharing. These topics must be addressed in your contract in order to obtain Department approval.
3. Indiana law requires that each contract be put out for bid. This is also a good business practice. There are a significant number of vendors operating in Indiana, and the competition for assessment contracts should be used to keep costs down and save taxpayer money. If you have a variety of options, your negotiating position will be stronger.
4. Before choosing a vendor, consider the available resources of each bidder. If they are relatively low-staffed and have commitments with several other counties, they may be unable to finish your work in a timely manner.

5. Be certain that your selected vendor understands the connection between the contract and the county's responsibility to report compliant data to the Department and Legislative Services Agency. You should make data compliance essential to performance of the contract and consider including remedies against the vendor if Property Tax Replacement Credit money is withheld from your county due to a failure of performance by the vendor.
6. In drafting the contract, review each specific service that needs to be performed and make clear in the contract whether the assessor or the vendor will be responsible for that service. Make sure that the vendor knows exactly what you expect them to do. Do not expect the vendor to have the same understanding of what you need out of the contract without putting it in the contract.
7. Maintain close contact with your vendor during the work. Unfortunately we have heard of instances where the assessing official signs the contract and then fails to monitor the vendor's work. While this is a disservice to the taxpayers, it also enhances the likelihood of assessment problems. Assessing officials need to stay involved with their vendors, understand what the vendor is doing, and review the quality of the vendor's work. This can be accomplished by reviewing status reports, setting goals or intermediate completion dates and closely monitoring progress. Keep in mind that *you* are ultimately responsible for completion of the work, not the vendor.
8. Do not sign any contract that provides for assessing data generated to belong to or be exclusively owned by the vendor. Property tax data is the property of the local and state governments and should never cost government money to obtain. Some vendors try to obtain possession and legal ownership over the data. We consider this to be in violation of several provisions of Indiana law, but if you have agreed to their contract you may be bound by their terms.
9. As always, we recommend that you work with your county attorney during the contract drafting process. County attorneys are a valuable resource that provides you with a direct attorney-client relationship that the Department cannot. The county attorney may also be able to help coordinate the interaction of the contracting functions of other county offices to promote data collection and save tax dollars.
10. Remember to send copies all of contracts to the Department for tracking. The Department is collecting data to analyze the cost efficiency of assessment vendor contracts in Indiana. We will be distributing this information to the assessing community later this year, and hope it will provide further information to assist local assessors in decision-making regarding contracts.

Contact the Department if you have questions regarding the contract approval process or any of the information in this memo. We can be reached at the above number or at (317) 233-0166.